

PROFESSIONAL SERVICES CONTRACT

BETWEEN

CITY OF DETROIT, MICHIGAN

AND

HEIDRICK & STRUGGLES, INC.

CONTRACT NO.

2827813

EXHIBIT B

FEE SCHEDULE

I. General

- A. The Contractor shall be paid for those Services performed pursuant to this Contract a maximum amount of One Hundred Twenty Five Thousand and 00/100 Dollars (\$125,000.00), for the term of this Contract as set forth in Exhibit A, Scope of Services.
- B. Payment for the proper performance of the Services shall be contingent upon receipt by the City of invoices for payment. Each invoice shall certify the total cost, itemizing costs when applicable. Each invoice must be received by the City not more than thirty (30) days after the close of the calendar month in which the services were rendered and must be signed by an authorized officer or designee of the Contractor.

II. Project Fees and Billing

- A. Professional Retainer. The fee for the performance of the Services is one-third of the total first year estimated cash compensation for each search and for each additional executive employed as a result of each search. Projected compensation includes base salary, target bonus and any sign-on bonuses.

For this Contract, a search for Director, Detroit Water and Sewerage Department, the retainer is based on a target total cash compensation of \$250,000.00. As a result, the retainer fee for this Contract is \$83,333.00. The retainer will be invoiced in three equal increments of \$27,777.00, the first on the start date of the Contract, the second 30 days following the start date; and the third 60 days following the start date. When the Services are completed, the Contract fee will be reconciled to the actual compensation and send a final invoice should the actual compensation exceed the basis of the retainer. The City shall notify the Consultant of the intention to appoint a successful candidate and provide the Consultant with all relevant information with regard to the estimated and the actual remuneration payable, to enable the Consultant to calculate the fees for each search.

- B. Expenses. The Consultant shall be reimbursed for direct expenses, indirect expenses, and value added (VAT)/sales taxes. Direct expenses are costs associated with the interviewing and selection process and with visits to the client location. Direct expenses may also include VAT/sales taxes arising from the Services performed on this Contract by the Consultant's international offices that are not invoiced directly to the City. Indirect expenses are costs that are attributable to the Consultant's client projects as incremental costs but are not possible to attribute to each individual project. Indirect expenses, which are 12

percent of the fee and capped at \$15,000.00, will be billed in three increments. The Consultant's invoices will also include all applicable VAT/sales taxes not included in direct expenses.

- C. Terms of Payment. The fee and expenses are for professional services rendered. Payment of the fee, expenses, and applicable VAT/sales taxes is not contingent upon the hiring of one of the Consultant's candidates. All invoices are due and payable according to the terms of this Contract. The Consultant will make every effort to complete each assignment in three months. Should this not occur, the Consultant would continue the search without additional fee, up to six months from the start of the search, charging only expenses. In the unlikely event that the search is not successfully concluded at the end of six months, the Consultant may suggest a reevaluation of the assignment to determine whether any further work is practical.

If this assignment is canceled within the first 30 days, the Consultant will charge one-third of its initial fee plus expenses and applicable VAT/sales taxes. If this assignment is cancelled between the 30th and 90th days, the Consultant will charge only for the pro rata portion of the fee, plus expenses and applicable VAT/sales taxes, up to the date written notice of cancellation is received. If it should become necessary to cancel the search after the initial 90-day period or if the candidate is employed at less than the estimated total compensation, the full fee will be considered earned.

- D. Guarantee. If the employment of the candidate identified by the Consultant and employed by the City is terminated by the City for specific reasons within the first 12 months following the date of employment, the Consultant would restart the assignment in accordance with the terms and conditions of this Contract, charging no further fee except for direct out-of-pocket expenses plus indirect costs. Specific reasons for purposes of this paragraph shall mean a reason which was unknown to the City and which had a material, adverse effect upon the candidate's ability to perform in accordance with the original position specifications.